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TAGS: [KIPR](#) [ETRD](#) [ECON](#) [WTRO](#) [CH](#)
SUBJECT: South China IPR: Product Identification Seminar
Brings Together U.S. Industry and Guangdong Customs

REFERENCE: Guangzhou 20753

(U) This document is sensitive but unclassified. Please
protect accordingly.

11. (U) Summary: Post recently organized a seminar at which
representatives from eight U.S. companies and industry
associations trained 96 working-level officials from
Guangdong Customs on how to distinguish genuine products
from counterfeits. The companies' representatives used
Powerpoint presentations, product samples, and paper
handouts to illustrate their products, including labeling
and packaging, and to highlight characteristics of
counterfeits. Guangdong Customs employs 40 percent of all
of China's Customs officials and the province accounts for
one-third of China's exports. End summary.

U.S. Industry and Guangdong Customs Participants

12. (U) Attending on the U.S. side were representatives from
Nike, Proctor and Gamble, Disney, Mattel, Acushnet (which
owns the Titleist brand), Cleveland Golf, General Motors,
and the Motion Picture Association. Some of the
representatives traveled from Hong Kong for the event. Each
of them spoke for approximately 30 minutes.

13. (U) Attending on the Chinese side were 96 Guangdong
Customs officers, representing all seven Customs
jurisdictions in Guangdong. Guangdong Customs officials
account for 40 percent of all of Customs officials in China,
according to the director of the training center. Most of
the officers in attendance were at the rank of office
manager and thus closely involved in day-to-day enforcement
activities. Most were attentive throughout the seminar and
took notes. Following the event, Guangdong Customs invited
all industry and Customs participants, as well as Econoff

and EconPolAssts, to dinner at the training center cafeteria.

The Customs Training Center

¶4. (U) The seminar took place on July 6 at the China Customs Education and Training Center, located in the outskirts of Guangzhou. The training center serves all of South China and is one of three such facilities in China, the other two being in Shanghai and Beijing. It provides training at all levels of Customs and consists of several large buildings as well as dormitories for visiting trainees.

Part of a Mandated IPR Training Course

¶5. (U) The seminar was coordinated to be part of a three-and-a-half day IPR training course for Guangdong Customs officials, which was mandated by China Customs in its 2006 action plan. The course includes sessions with Macau Customs, the Hong Kong trademark office, the Guangdong Administration of Industry and Commerce, the Guangdong High Court, and the dean of the Sun Yat-Sen University school of law.

Presentations: How to Spot Fakes

¶6. (U) Most of the industry representatives began their presentations with background on their companies, including the brands they own and products they manufacture. They included photographs of the products, and details of the

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labeling and packaging, in their Powerpoint presentations. The representatives also showed photographs of seized counterfeit products and discussed their identifying characteristics. Some presenters disclosed where the counterfeit products were manufactured and their export destinations. Some also brought samples of legitimate and counterfeit products for the officials to handle. All of them left a copy of their Powerpoint presentation with the training center and also distributed paper handouts with product and anti-counterfeiting information to each participant. They also provided the officials with contact information and encouraged the officials to contact them if they discover a suspect shipment or have questions about a particular product.

¶7. (U) During a question and answer period following the presentations, only one Chinese official asked to speak. He noted that Customs regulations now forbid the auction of seized goods, and as a result the cash reward program for informants lacks sufficient funding. Some of the representatives said their companies have reward programs, which could perhaps be coordinated with Customs. In addition, they mentioned that China's Public Security Bureau (PSB) offers cash rewards to informants in IPR cases.

Third Time's a Charm

¶8. (SBU) Post's first two attempts to organize a product identification seminar were not successful. In March 2006, Post proposed such a seminar to the Guangdong Intellectual Property Office, which coordinates IP issues among the numerous agencies that handle IPR. We requested that enforcement officials from various IP enforcement agencies attend the seminar. Guangdong IPO did not move forward with the proposal, or a follow-up one in April, on the grounds that the relevant agencies were too busy. Post then decided to target only one agency, Guangdong Customs, in order to simplify the approval process and establish a more direct line of communication.

¶9. (SBU) Throughout the planning stage for this event, Guangdong Customs was cooperative and responsive. For instance, they did not wait for central-level approval (which came only one week prior to the event) before beginning arrangements. This stands in contrast to other South China IPR enforcement agencies, some of which have declined recent requests for meetings (reftel). The only significant condition set by Customs was not to include "discussion" time in the event, as it would require another set of approvals. Nevertheless, they encouraged Customs participants to ask questions and were also willing to bring industry representatives and Customs officials together at the dinner following the event.

¶10. (SBU) It is encouraging that working-level Guangdong Customs officials are required to complete more than three days of training on IPR -- and that similar courses have taken place in past years. Guangdong province is responsible for one-third of China overall trade and is an engine of China's manufacturing industry -- as well as the "heart of darkness" for IPR infringement. The export of counterfeit products to global markets is a growing concern for U.S. companies. Guangdong Customs, with its reputation for being well-trained and its significance in terms of size, will likely remain an important partner in Post's anti-counterfeiting advocacy and training efforts.

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